

Docket No.: 07-0113
Bench Date: 09-26-07
Deadline: N/A

M E M O R A N D U M

TO: The Commission

FROM: John D. Albers, Administrative Law Judge

DATE: September 12, 2007

SUBJECT: Illinois Commerce Commission
On Its Own Motion
-vs-
Illinois Power Company d/b/a AmerenIP

Reconciliation of revenues collected under Coal Tar riders with prudent costs associated with coal tar clean up expenditures.

RECOMMENDATION: Enter the attached Order approving the reconciliation.

On February 7, 2007, the Commission entered an Order Commencing Reconciliation Proceedings initiating this docket, among others. The Commission's order concluded that it was appropriate to begin the coal tar reconciliation review for Illinois Power Company d/b/a AmerenIP ("IP") for the period of January 1, 2006 through December 31, 2006. The order required IP to reconcile revenue collected under its coal tar riders with costs prudently incurred in connection with its manufactured gas plant ("MGP") remediation activities.

IP is responsible for remediation activities at 25 MGP sites. Although remediation at three of the sites has been completed, other sites are in various stages of investigation and remediation. During 2006, IP incurred \$4,855,441 in MGP expenses. IP, however, did not collect any revenues under its coal tar riders in 2006. Instead IP's remediation expenses have been entirely offset by proceeds from settlements with insurance companies. Despite not having collected any revenues under its coal tar riders, IP nevertheless reports an over recovery. As a result of amounts carried over from prior years, IP's books reflect an over recovery from electric customers in the amount of \$6,928 and an over recovery from gas customers in the amount of \$1,400. Both amounts will be carried forward into the 2007 reconciliation calculations.

Staff reviewed IP's proposed reconciliation filing, as well as responses to data requests concerning the prudence of IP's remediation strategies and procedures. Staff

found no reason to object to the prudence of the expenditures made by IP and recommends approval of the reconciliation.

Staff also recommended that IP revise its coal tar riders to expressly state that proceeds from sales of land acquired for environmental remediation be flowed back to ratepayers through the coal tar riders. IP does not object to this recommendation and agrees with Staff that such modifications could be made within two months.

The attached Order approves IP's reconciliation and directs that the revisions to IP's coal tar riders be made. No petitions to intervene were received. There is no deadline for Commission action.

JDA